

AMENDED IN SENATE SEPTEMBER 6, 2013

AMENDED IN SENATE SEPTEMBER 4, 2013

AMENDED IN SENATE JULY 10, 2013

AMENDED IN ASSEMBLY APRIL 25, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1299

Introduced by Assembly Member Bradford

February 22, 2013

An act to amend Section 281 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1299, as amended, Bradford. Telecommunications: universal service programs: California Advanced Services Fund.

Existing law, the federal Telecommunications Act of 1996, establishes a program of cooperative federalism for the regulation of telecommunications to attain the goal of local competition, while implementing specific, predictable, and sufficient federal and state mechanisms to preserve and advance universal service, consistent with certain universal service principles. The universal service principles include the principle that consumers in all regions of the nation, including low-income consumers and those in rural, insular, and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for

similar services in urban areas. The act authorizes each state to adopt regulations to provide for additional definitions and standards to preserve and advance universal service within the state, only to the extent that they adopt additional specific, predictable, and sufficient mechanisms that do not rely on or burden federal universal service support mechanisms.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, as defined. Existing law establishes the California Advanced Services Fund (CASF) in the State Treasury and requires that moneys in those funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service and may be expended only to accomplish specified telecommunications universal service programs, upon appropriation in the annual Budget Act or upon supplemental appropriation. Existing law requires the commission to develop, implement, and administer the CASF to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and substantial social benefits of advanced information and communications technologies, as provided in specified decisions of the commission and in the CASF statute. Existing law establishes 3 accounts, the Broadband Infrastructure Grant Account, the Rural and Urban Regional Broadband Consortia Grant Account, and the Broadband Infrastructure Revolving Loan Account within the CASF.

Existing law prohibits the commission from collecting, before January 1, 2011, more than \$100,000,000, for deposit into the CASF through the surcharge authorized by the commission. Existing law authorizes the commission to collect an additional sum not to exceed \$125,000,000, after January 1, 2011, for a sum total of moneys collected through the surcharge not to exceed \$225,000,000. Existing law authorizes the commission to collect the additional sum through the 2015 calendar year. Existing law requires that of the moneys collected after January 1, 2011, \$100,000,000 is to be deposited into the Broadband Infrastructure Grant Account, \$10,000,000 is to be deposited into the Rural and Urban Regional Broadband Consortia Grant Account and used for specified purposes, and \$15,000,000 is to be deposited into the Broadband Infrastructure Revolving Loan Account and used for specified purposes.

This bill would establish the Broadband Public Housing Account within the CASF and would authorize the commission to transfer \$20,000,000 from the Broadband Infrastructure Grant Account and \$5,000,000 from the Broadband Revolving Loan Account to the Broadband Public Housing Account if the commission is otherwise authorized to collect funds for purposes of the CASF in excess of the \$225,000,000 the commission is authorized to collect through December 31, 2015, under existing law. The bill would authorize not more than \$20,000,000 from the Broadband Public Housing Account be available for grants and loans to a publicly supported community, as defined, to finance a project to connect a broadband network to that publicly supported community. The bill would authorize not more than \$5,000,000 from the Broadband Public Housing Account be available for grants and loans to a publicly supported community to support programs designed to increase adoption rates for broadband services for residents of that publicly supported community. The bill would require the commission, in reviewing a project application to consider the availability of other funding sources for that project, any financial contribution from the broadband service provider to the project, the availability of any other public or private broadband adoption or deployment program, including tax credits and other incentives, and whether the applicant has sought funding from, or participated in, any reasonably available program. The bill would authorize the commission to require an applicant to provide match funding, and prohibit the commission from denying funding for a project solely because the applicant is receiving funding from another source.

This bill would incorporate additional changes in Section 281 of the Public Utilities Code proposed in SB 740, that would become operative only if SB 740 and this bill are both chaptered and become effective on or before January 1, 2014, and this bill is chaptered last.

The provisions of the bill would become operative only if this bill and SB 740 of the 2013–14 Regular Session are both enacted and become effective on or before January 1, 2014.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 281 of the Public Utilities Code is
2 amended to read:

1 281. (a) The commission shall develop, implement, and
2 administer the California Advanced Services Fund to encourage
3 deployment of high-quality advanced communications services to
4 all Californians that will promote economic growth, job creation,
5 and the substantial social benefits of advanced information and
6 communications technologies, as provided in Decision 07-12-054
7 and Decision 09-07-020 and this section. The commission shall
8 establish the following accounts within the fund:

9 (1) The Broadband Infrastructure Grant Account.

10 (2) The Rural and Urban Regional Broadband Consortia Grant
11 Account.

12 (3) The Broadband Infrastructure Revolving Loan Account.

13 (4) The Broadband Public Housing Account.

14 (b) (1) All moneys collected by the surcharge authorized by
15 the commission pursuant to Decision 07-12-054, whether collected
16 before or after January 1, 2009, shall be transmitted to the
17 commission pursuant to a schedule established by the commission.
18 The commission shall transfer the moneys received to the
19 Controller for deposit in the California Advanced Services Fund.
20 Moneys collected on and after January 1, 2011, shall be deposited
21 in the following amounts in the following accounts:

22 (A) One hundred million dollars (\$100,000,000) into the
23 Broadband Infrastructure Grant Account.

24 (B) Ten million dollars (\$10,000,000) into the Rural and Urban
25 Regional Broadband Consortia Grant Account.

26 (C) Fifteen million dollars (\$15,000,000) into the Broadband
27 Infrastructure Revolving Loan Account.

28 (2) All interest earned on moneys in the fund shall be deposited
29 in the fund.

30 (3) The commission shall not collect moneys, by imposing the
31 surcharge described in paragraph (1) for deposit in the fund, in an
32 amount that exceeds one hundred million dollars (\$100,000,000)
33 before January 1, 2011. On and after January 1, 2011, the
34 commission may collect an additional sum not to exceed one
35 hundred twenty-five million dollars (\$125,000,000), for a sum
36 total of moneys collected by imposing the surcharge described in
37 paragraph (1) not to exceed two hundred twenty-five million dollars
38 (\$225,000,000). The commission may collect the additional sum
39 beginning with the calendar year starting on January 1, 2011, and
40 continuing through the 2015 calendar year, in an amount not to

1 exceed twenty-five million dollars (\$25,000,000) per year, unless
2 the commission determines that collecting a higher amount in any
3 year will not result in an increase in the total amount of all
4 surcharges collected from telephone customers that year.

5 (c) (1) All moneys in the California Advanced Services Fund
6 shall be available, upon appropriation by the Legislature, to the
7 commission for the program administered by the commission
8 pursuant to this section, including the costs incurred by the
9 commission in developing, implementing, and administering the
10 program and the fund.

11 (2) Notwithstanding any other law and for the sole purpose of
12 providing matching funds pursuant to the federal American
13 Recovery and Reinvestment Act of 2009 (Public Law 111-5), any
14 entity eligible for funding pursuant to that act shall be eligible to
15 apply to participate in the program administered by the commission
16 pursuant to this section, if that entity otherwise satisfies the
17 eligibility requirements under that program. Nothing in this section
18 shall impede the ability of an incumbent local exchange carrier,
19 as defined by subsection (h) of Section 251 of Title 47 of the
20 United States Code, that is regulated under a rate of return
21 regulatory structure, to recover, in rate base, California
22 infrastructure investment not provided through federal or state
23 grant funds for facilities that provide broadband service and
24 California intrastate voice service.

25 (d) Moneys in the Rural and Urban Regional Broadband
26 Consortia Grant Account shall be available for grants to eligible
27 consortia to fund the cost of broadband deployment activities other
28 than the capital cost of facilities, as specified by the commission.
29 An eligible consortium may include, as specified by the
30 commission, representatives of organizations, including, but not
31 limited to, local and regional government, public safety, elementary
32 and secondary education, health care, libraries, postsecondary
33 education, community-based organizations, tourism, parks and
34 recreation, agricultural, and business, and is not required to have
35 as its lead fiscal agent an entity with a certificate of public
36 convenience and necessity.

37 (e) Moneys in the Broadband Infrastructure Revolving Loan
38 Account shall be available to finance capital costs of broadband
39 facilities not funded by a grant from the Broadband Infrastructure

1 Grant Account. The commission shall periodically set interest rates
2 on the loans based on surveys of existing financial markets.

3 (f) (1) For purposes of this subdivision, the following terms
4 have the following meanings:

5 (A) “Publicly subsidized” means either that the housing
6 development receives financial assistance from the United States
7 Department of Housing and Urban Development pursuant to an
8 annual contribution contract or is financed with low-income
9 housing tax credits, tax-exempt mortgage revenue bonds, general
10 obligation bonds, or local, state, or federal loans or grants and the
11 rents of the occupants, who are lower income households, do not
12 exceed those prescribed by deed restrictions or regulatory
13 agreements pursuant to the terms of the financing or financial
14 assistance.

15 (B) “Publicly supported community” means a publicly
16 subsidized multifamily housing development that is wholly owned
17 by either of the following:

18 (i) A public housing agency that has been chartered by the state,
19 or by any city or county in the state, and has been determined an
20 eligible public housing agency by the United States Department
21 of Housing and Urban Development.

22 (ii) An incorporated nonprofit organization as described in
23 Section 501 (c)(3) of the Internal Revenue Code (26 U.S.C. Sec.
24 501(c)(3)) that is exempt from taxation under Section 501 (a) of
25 that code (16 U.S.C. Sec. 501(a)), and that has received public
26 funding to subsidize the construction or maintenance of housing
27 occupied by residents whose annual income qualifies as “low-” or
28 “very low” income according to federal poverty guidelines.

29 (2) Notwithstanding subdivision (b) of Section 270, moneys in
30 the Broadband Public Housing Account shall be available for the
31 commission to award grants and loans pursuant to this subdivision
32 to an eligible publicly supported community if that entity otherwise
33 meets eligibility requirements and complies with program
34 requirements established by the commission.

35 (3) Not more than twenty million dollars (\$20,000,000) shall
36 be available for grants and loans to a publicly supported community
37 to finance a project to connect a broadband network to that publicly
38 supported community. A publicly supported community may be
39 an eligible applicant only if the publicly supported community can
40 verify to the commission that the publicly supported community

1 has not denied a right of access to any broadband provider that is
2 willing to connect a broadband network to the facility for which
3 the grant or loan is sought.

4 (4) (A) Not more than five million dollars (\$5,000,000) shall
5 be available for grants and loans to a publicly supported community
6 to support programs designed to increase adoption rates for
7 broadband services for residents of that publicly supported
8 community. A publicly supported community may be eligible for
9 funding for a broadband adoption program only if the residential
10 units in the facility to be served have access to broadband services
11 or will have access to broadband services at the time the funding
12 for adoption is implemented.

13 (B) A publicly supported community may contract with other
14 nonprofit or public agencies to assist in implementation of a
15 broadband adoption program.

16 (5) To the extent feasible, the commission shall approve projects
17 for funding from the Broadband Public Housing Account in a
18 manner that reflects the statewide distribution of publicly supported
19 communities.

20 (6) In reviewing a project application under this subdivision,
21 the commission shall consider the availability of other funding
22 sources for that project, any financial contribution from the
23 broadband service provider to the project, the availability of any
24 other public or private broadband adoption or deployment program,
25 including tax credits and other incentives, and whether the applicant
26 has sought funding from, or participated in, any reasonably
27 available program. The commission may require an applicant to
28 provide match funding, and shall not deny funding for a project
29 solely because the applicant is receiving funding from another
30 source.

31 (7) (A) To provide funding for the purposes of this subdivision,
32 the commission shall transfer to the Broadband Public Housing
33 Account twenty million dollars (\$20,000,000) from the Broadband
34 Infrastructure Grant Account and five million dollars (\$5,000,000)
35 from the Broadband Revolving Loan Account. Any moneys in the
36 Broadband Public Housing Account that have not been awarded
37 pursuant to this subdivision by December 31, 2016, shall be
38 transferred back to the Broadband Infrastructure Grant Account
39 and Broadband Infrastructure Revolving Loan Account in
40 proportion to the amount transferred from the respective accounts.

1 (B) The commission shall transfer funds pursuant to
2 subparagraph (A) only if the commission is otherwise authorized
3 to collect funds for purposes of this section in excess of the total
4 amount authorized pursuant to paragraph (3) of subdivision (b).

5 (g) (1) The commission shall conduct an interim and final
6 financial audit and an interim and final performance audit of the
7 implementation and effectiveness of the California Advanced
8 Services Fund to ensure that funds have been expended in
9 accordance with the approved terms of the grant awards and loan
10 agreements and this section. The commission shall report its interim
11 findings to the Legislature by April 1, 2011. The commission shall
12 report its final findings to the Legislature by April 1, 2017. The
13 reports shall also include an update to the maps in the final report
14 of the California Broadband Task Force and data on the types and
15 numbers of jobs created as a result of the program administered
16 by the commission pursuant to this section.

17 (2) (A) The requirement for submitting a report imposed under
18 paragraph (1) is inoperative on January 1, 2018, pursuant to Section
19 10231.5 of the Government Code.

20 (B) A report to be submitted pursuant to paragraph (1) shall be
21 submitted in compliance with Section 9795 of the Government
22 Code.

23 (h) (1) Beginning on January 1, 2012, and annually thereafter,
24 the commission shall provide a report to the Legislature that
25 includes all of the following information:

26 (A) The amount of funds expended from the California
27 Advanced Services Fund in the prior year.

28 (B) The recipients of funds expended from the California
29 Advanced Services Fund in the prior year.

30 (C) The geographic regions of the state affected by funds
31 expended from the California Advanced Services Fund in the prior
32 year.

33 (D) The expected benefits to be derived from the funds expended
34 from the California Advanced Services Fund in the prior year.

35 (E) Actual broadband adoption levels from the funds expended
36 from the California Advanced Services Fund in the prior year.

37 (F) The amount of funds expended from the California
38 Advanced Services Fund used to match federal funds.

1 (G) An update on the expenditures from California Advanced
2 Services Fund and broadband adoption levels, and an accounting
3 of remaining unserved and underserved areas of the state.

4 (2) (A) The requirement for submitting a report imposed under
5 paragraph (1) is inoperative on January 1, 2016, pursuant to Section
6 10231.5 of the Government Code.

7 (B) A report to be submitted pursuant to paragraph (1) shall be
8 submitted in compliance with Section 9795 of the Government
9 Code.

10 *SEC. 1.5. Section 281 of the Public Utilities Code is amended*
11 *to read:*

12 281. (a) The commission shall develop, implement, and
13 administer the California Advanced Services Fund *program* to
14 encourage deployment of high-quality advanced communications
15 services to all Californians that will promote economic growth,
16 job creation, and the substantial social benefits of advanced
17 information and communications technologies, ~~as provided in~~
18 ~~Decision 07-12-054 and Decision 09-07-020 and this section.~~ *The*
19 *consistent with this section.*

20 (b) (1) *The goal of the program is, no later than December 31,*
21 *2015, to approve funding for infrastructure projects that will*
22 *provide broadband access to no less than 98 percent of California*
23 *households.*

24 (2) *In approving infrastructure projects, the commission shall*
25 *give priority to projects that provide last-mile broadband access*
26 *to households that are unserved by an existing facilities-based*
27 *broadband provider. The commission shall provide each applicant,*
28 *and any party challenging an application, the opportunity to*
29 *demonstrate actual levels of broadband service in the project area,*
30 *which the commission shall consider in reviewing the application.*

31 (c) *The commission shall establish the following accounts within*
32 *the fund:*

33 (1) *The Broadband Infrastructure Grant Account.*

34 (2) *The Rural and Urban Regional Broadband Consortia Grant*
35 *Account.*

36 (3) *The Broadband Infrastructure Revolving Loan Account.*

37 (4) *The Broadband Public Housing Account.*

38 ~~(b)~~

39 (d) (1) *All moneys collected by the surcharge authorized by*
40 *the commission pursuant to Decision 07-12-054, whether collected*

1 ~~before or after January 1, 2009, 07-12-054~~ shall be transmitted to
 2 the commission pursuant to a schedule established by the
 3 commission. The commission shall transfer the moneys received
 4 to the Controller for deposit in the California Advanced Services
 5 Fund. Moneys collected *on and* after January 1, 2011, shall be
 6 deposited in the following amounts in the following accounts:

7 (A) One hundred *ninety* million dollars—~~(\$100,000,000)~~
 8 ~~(\$190,000,000)~~ into the Broadband Infrastructure Grant Account.

9 (B) Ten million dollars (\$10,000,000) into the Rural and Urban
 10 Regional Broadband Consortia Grant Account.

11 (C) Fifteen million dollars (\$15,000,000) into the Broadband
 12 Infrastructure Revolving Loan Account.

13 (2) All interest earned on moneys in the fund shall be deposited
 14 in the fund.

15 (3) The commission shall not collect moneys, by imposing the
 16 surcharge described in paragraph (1) for deposit in the fund, in an
 17 amount that exceeds one hundred million dollars (\$100,000,000)
 18 before January 1, 2011. ~~After~~ *On and after* January 1, 2011, the
 19 commission may collect an additional sum not to exceed ~~one two~~
 20 ~~hundred—twenty-five~~ *fifteen* million dollars—~~(\$125,000,000);~~
 21 ~~(\$215,000,000)~~, for a sum total of moneys collected by imposing
 22 the surcharge described in paragraph (1) not to exceed ~~two three~~
 23 ~~hundred—twenty-five~~ *fifteen* million dollars—~~(\$225,000,000);~~
 24 ~~(\$315,000,000)~~. The commission may collect the additional sum
 25 beginning with the calendar year starting on January 1, 2011, and
 26 continuing through the ~~2015~~ *2020* calendar year, in an amount not
 27 to exceed twenty-five million dollars (\$25,000,000) per year, unless
 28 the commission determines that collecting a higher amount in any
 29 year will not result in an increase in the total amount of all
 30 surcharges collected from telephone customers that year.

31 (e)

32 (e) (1) All moneys in the California Advanced Services Fund
 33 shall be available, upon appropriation by the Legislature, to the
 34 commission for the program administered by the commission
 35 pursuant to this section, including the costs incurred by the
 36 commission in developing, implementing, and administering the
 37 program and the fund.

38 (2) Notwithstanding any other law and for the sole purpose of
 39 providing matching funds pursuant to the federal American
 40 Recovery and Reinvestment Act of 2009 (Public Law 111-5), any

1 entity eligible for funding pursuant to that act shall be eligible to
2 apply to participate in the program administered by the commission
3 pursuant to this section, if that entity otherwise satisfies the
4 eligibility requirements under that program. Nothing in this section
5 shall impede the ability of an incumbent local exchange carrier,
6 as defined by subsection (h) of Section 251 of Title 47 of the
7 United States Code, that is regulated under a rate of return
8 regulatory structure, to recover, in rate base, California
9 infrastructure investment not provided through federal or state
10 grant funds for facilities that provide broadband service and
11 California intrastate voice service.

12 *(3) Notwithstanding subdivision (b) of Section 270, an entity*
13 *that is not a telephone corporation shall be eligible to apply to*
14 *participate in the program administered by the commission*
15 *pursuant to this section to provide access to broadband to an*
16 *unserved or underserved household, as defined in commission*
17 *Decision 12-02-015, if the entity otherwise meets the eligibility*
18 *requirements and complies with program requirements established*
19 *by the commission. These requirements shall include all of the*
20 *following:*

21 *(A) That projects under this paragraph provide last-mile*
22 *broadband access to households that are unserved by an existing*
23 *facilities-based broadband provider and only receive funding to*
24 *provide broadband access to households that are unserved or*
25 *underserved, as defined in commission Decision 12-02-015.*

26 *(B) That funding for a project providing broadband access to*
27 *an underserved household shall not be approved until after any*
28 *existing facilities-based provider has an opportunity to demonstrate*
29 *to the commission that it will, within a reasonable timeframe,*
30 *upgrade existing service. An existing facilities-based provider*
31 *may, but is not required to, apply for funding under this section*
32 *to make that upgrade.*

33 *(C) That the commission shall provide each applicant, and any*
34 *party challenging an application, the opportunity to demonstrate*
35 *actual levels of broadband service in the project area, which the*
36 *commission shall consider in reviewing the application.*

37 *(D) That a local governmental agency may be eligible for an*
38 *infrastructure grant only if the infrastructure project is for an*
39 *unserved household or business, the commission has conducted*
40 *an open application process, and no other eligible entity applied.*

1 (E) That the commission shall establish a service list of
 2 interested parties to be notified of California Advanced Services
 3 Fund applications.

4 ~~(d)~~

5 (f) Moneys in the Rural and Urban Regional Broadband
 6 Consortia Grant Account shall be available for grants to eligible
 7 consortia to fund the cost of broadband deployment activities other
 8 than the capital cost of facilities, as specified by the commission.
 9 An eligible consortium may include, as specified by the
 10 commission, representatives of organizations, including, but not
 11 limited to, local and regional government, public safety, ~~K-12~~
 12 elementary and secondary education, health care, libraries, ~~higher~~
 13 postsecondary education, community-based organizations, tourism,
 14 parks and recreation, agricultural, and business, and is not required
 15 to have as its lead fiscal agent an entity with a certificate of public
 16 convenience and necessity.

17 ~~(e)~~

18 (g) Moneys in the Broadband Infrastructure Revolving Loan
 19 Account shall be available to finance capital costs of broadband
 20 facilities not funded by a grant from the Broadband Infrastructure
 21 Grant Account. The commission shall periodically set interest rates
 22 on the loans based on surveys of existing financial markets.

23 (h) (1) For purposes of this subdivision, the following terms
 24 have the following meanings:

25 (A) “Publicly subsidized” means either that the housing
 26 development receives financial assistance from the United States
 27 Department of Housing and Urban Development pursuant to an
 28 annual contribution contract or is financed with low-income
 29 housing tax credits, tax-exempt mortgage revenue bonds, general
 30 obligation bonds, or local, state, or federal loans or grants and
 31 the rents of the occupants, who are lower income households, do
 32 not exceed those prescribed by deed restrictions or regulatory
 33 agreements pursuant to the terms of the financing or financial
 34 assistance.

35 (B) “Publicly supported community” means a publicly
 36 subsidized multifamily housing development that is wholly owned
 37 by either of the following:

38 (i) A public housing agency that has been chartered by the state,
 39 or by any city or county in the state, and has been determined to

1 *be an eligible public housing agency by the United States*
2 *Department of Housing and Urban Development.*

3 *(ii) An incorporated nonprofit organization as described in*
4 *Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec.*
5 *501(c)(3)) that is exempt from taxation under Section 501(a) of*
6 *that code (16 U.S.C. Sec. 501(a)), and that has received public*
7 *funding to subsidize the construction or maintenance of housing*
8 *occupied by residents whose annual income qualifies as “low-”*
9 *or “very low” income according to federal poverty guidelines.*

10 *(2) Notwithstanding subdivision (b) of Section 270, moneys in*
11 *the Broadband Public Housing Account shall be available for the*
12 *commission to award grants and loans pursuant to this subdivision*
13 *to an eligible publicly supported community if that entity otherwise*
14 *meets eligibility requirements and complies with program*
15 *requirements established by the commission.*

16 *(3) Not more than twenty million dollars (\$20,000,000) shall*
17 *be available for grants and loans to a publicly supported*
18 *community to finance a project to connect a broadband network*
19 *to that publicly supported community. A publicly supported*
20 *community may be an eligible applicant only if the publicly*
21 *supported community can verify to the commission that the publicly*
22 *supported community has not denied a right of access to any*
23 *broadband provider that is willing to connect a broadband network*
24 *to the facility for which the grant or loan is sought.*

25 *(4) (A) Not more than five million dollars (\$5,000,000) shall*
26 *be available for grants and loans to a publicly supported*
27 *community to support programs designed to increase adoption*
28 *rates for broadband services for residents of that publicly*
29 *supported community. A publicly supported community may be*
30 *eligible for funding for a broadband adoption program only if the*
31 *residential units in the facility to be served have access to*
32 *broadband services or will have access to broadband services at*
33 *the time the funding for adoption is implemented.*

34 *(B) A publicly supported community may contract with other*
35 *nonprofit or public agencies to assist in implementation of a*
36 *broadband adoption program.*

37 *(5) To the extent feasible, the commission shall approve projects*
38 *for funding from the Broadband Public Housing Account in a*
39 *manner that reflects the statewide distribution of publicly supported*
40 *communities.*

1 (6) *In reviewing a project application under this subdivision,*
 2 *the commission shall consider the availability of other funding*
 3 *sources for that project, any financial contribution from the*
 4 *broadband service provider to the project, the availability of any*
 5 *other public or private broadband adoption or deployment*
 6 *program, including tax credits and other incentives, and whether*
 7 *the applicant has sought funding from, or participated in, any*
 8 *reasonably available program. The commission may require an*
 9 *applicant to provide match funding, and shall not deny funding*
 10 *for a project solely because the applicant is receiving funding from*
 11 *another source.*

12 (7) (A) *To provide funding for the purposes of this subdivision,*
 13 *the commission shall transfer to the Broadband Public Housing*
 14 *Account twenty million dollars (\$20,000,000) from the Broadband*
 15 *Infrastructure Grant Account and five million dollars (\$5,000,000)*
 16 *from the Broadband Revolving Loan Account. Any moneys in the*
 17 *Broadband Public Housing Account that have not been awarded*
 18 *pursuant to this subdivision by December 31, 2016, shall be*
 19 *transferred back to the Broadband Infrastructure Grant Account*
 20 *and Broadband Infrastructure Revolving Loan Account in*
 21 *proportion to the amount transferred from the respective accounts.*

22 (B) *The commission shall transfer funds pursuant to*
 23 *subparagraph (A) only if the commission is otherwise authorized*
 24 *to collect funds for purposes of this section in excess of the total*
 25 *amount authorized pursuant to paragraph (3) of subdivision (d).*

26 (f)

27 (i) (1) *The commission shall conduct ~~an~~ two interim financial*
 28 *audits and a final financial audit and ~~an~~ two interim performance*
 29 *audits and a final performance audit of the implementation and*
 30 *effectiveness of the California Advanced Services Fund to ensure*
 31 *that funds have been expended in accordance with the approved*
 32 *terms of the grant awards and loan agreements and this section.*
 33 *The commission shall report its interim findings to the Legislature*
 34 *by April 1, ~~2011~~, 2011, and April 1, 2017. The commission shall*
 35 *report its final findings to the Legislature by April 1, ~~2017~~, 2021.*
 36 *The reports shall also include an update to the maps in the final*
 37 *report of the California Broadband Task Force and data on the*
 38 *types and numbers of jobs created as a result of the program*
 39 *administered by the commission pursuant to this section.*

1 (2) (A) The requirement for submitting a report imposed under
2 paragraph (1) is inoperative on January 1, ~~2018~~, 2022, pursuant
3 to Section 10231.5 of the Government Code.

4 (B) A report to be submitted pursuant to paragraph (1) shall be
5 submitted in compliance with Section 9795 of the Government
6 Code.

7 ~~(g)~~

8 (j) (1) Beginning on January 1, 2012, and annually thereafter,
9 the commission shall provide a report to the Legislature that
10 includes all of the following information:

11 (A) The amount of funds expended from the California
12 Advanced Services Fund in the prior year.

13 (B) The recipients of funds expended from the California
14 Advanced Services Fund in the prior year.

15 (C) The geographic regions of the state affected by funds
16 expended from the California Advanced Services Fund in the prior
17 year.

18 (D) The expected benefits to be derived from the funds expended
19 from the California Advanced Services Fund in the prior year.

20 (E) Actual broadband adoption levels from the funds expended
21 from the California Advanced Services Fund in the prior year.

22 (F) The amount of funds expended from the California
23 Advanced Services Fund used to match federal funds.

24 (G) An update on the expenditures from California Advanced
25 Services Fund and broadband adoption levels, and an accounting
26 of remaining unserved and underserved *households and* areas of
27 the state.

28 (H) *The status of the California Advanced Services Fund*
29 *balance and the projected amount to be collected in each year*
30 *through 2020 to fund approved projects.*

31 (2) (A) The requirement for submitting a report imposed under
32 paragraph (1) is inoperative on January 1, ~~2016~~, 2021, pursuant
33 to Section 10231.5 of the Government Code.

34 (B) A report to be submitted pursuant to paragraph (1) shall be
35 submitted in compliance with Section 9795 of the Government
36 Code.

37 *SEC. 2. Section 1.5 of this bill incorporates amendments to*
38 *Section 281 of the Public Utilities Code proposed by this bill and*
39 *Senate Bill 740. It shall only become operative if (1) both bills are*
40 *enacted and become effective on or before January 1, 2014, (2)*

1 *each bill amends Section 281 of the Public Utilities Code, and (3)*
2 *this bill is enacted after Senate Bill 740, in which case Section 281*
3 *of the Public Utilities Code, as amended by Senate Bill 740, shall*
4 *remain operative only until the operative date of this bill, at which*
5 *time Section 1.5 of this bill shall become operative, and Section 1*
6 *of this bill shall not become operative.*

7 ~~SEC. 2.~~

8 SEC. 3. This bill shall become operative only if this bill and
9 Senate Bill 740 are both enacted and become effective on or before
10 January 1, 2014.